

BEFORE THE STATE BOARD OF EQUALIZATION
OF THE STATE OF CALIFORNIA

In the Matter of the Appeal of }
ALBERT D. AND JANE L. PAUL }

Appearances:

For Appellants: Albert D. Paul, in pro. per,

For Respondent: Peter S. Pierson, Tax Counsel

O P I N I O N

This appeal is made pursuant to section 1859⁴ of the Revenue and Taxation Code from the action of the Franchise Tax Board on the protests of Albert D. and Jane L. Paul against proposed assessments of additional personal income tax in the amounts of \$33.50, \$15.47, and \$59.97 for the years 1960, 1961, and 1962, respectively.

Appellants, husband and wife, filed joint personal income tax returns in which they claimed certain itemized nonbusiness deductions for each of the years on appeal. After audit respondent determined that the evidence submitted by appellants failed to substantiate the deductions. Accordingly, it disallowed the claimed deductions and substituted the \$1,000 standard deduction for each year. This resulted in disallowance of itemized deductions of \$1,080, \$1,545, and \$2,975 for the years 1960, 1961, and 1962, respectively.

Appellants contend that they are entitled to deductions in the amounts claimed for medical expenses, interest expenses, charitable contributions, taxes, and other expenses.

Tax deductions are a matter of legislative grace and the burden of proving the right to a deduction is upon the taxpayer. (New Colonial Ice Co? v. Helvering, 292 U.S. 435 [78 L. Ed. 1348].) The taxpayer must furnish reasonable

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proof of the expenditure which gave rise to the deduction,
(Appeal of James M. Denny, Cal, St. Bd. of Equal., May 17, 1962.)

At the hearing before this board appellant offered oral and documentary evidence in support of the claimed deductions. On the basis of the evidence presented we conclude that appellants have sustained their burden of proof and are entitled to deductions for nonbusiness expenses in the amounts claimed on their returns for the years 1960, 1961, and 1962,

O R D E R

Pursuant to the views expressed in the opinion of the board on file in this proceeding, and good cause appearing therefor,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED, pursuant to section 18595 of the Revenue and Taxation Code, that the action of the Franchise Tax Board on the protests of Albert D. and Jane L. Paul against proposed assessments of additional personal income tax in the amounts of \$33.50, \$15.47, and \$59.97 for the years 1960, 1961, and 1962, respectively, be and the same is hereby reversed.

Done at Sacramento California, this 6th. day of November, 1967, by the State Board of Equalization.

Paul R. Leake, Chairman
Earl K. K..., Member
John W. Lynch, Member
..., Member

ATTEST: [Signature], Secretary